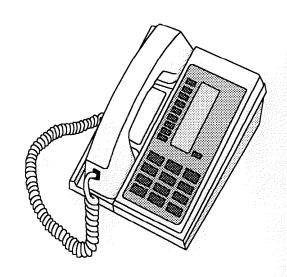
ANNUAL REPORT

Southern Montana Telephone Company

TELEPHONE UTILITY



TO THE
PUBLIC SERVICE COMMISSION
STATE OF MONTANA
1701 PROSPECT AVENUE
P.O. BOX 202601
HELENA, MT 59620-2601



Telephone Annual Report

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Telephone Annual Report

Instructions

General

- 1. A Microsoft EXCEL 97 workbook of the annual report is being provided on computer disk for your convenience. The workbook contains the schedules of the annual report. Each schedule is on the worksheet named that schedule. For example, Schedule 1 is on the sheet titled "Schedule 1". By entering your company name in the cell named "Company" of the first worksheet, the spreadsheet will put your company name on all the worksheets in the workbook. The same is true for inputting the year of the report in the cell named "YEAR". You can "GOTO" the proper cell by using the F5 key and selecting the name of the cell.
- 2. The workbook contains input sections that are unprotected, and non-input sections that are protected. Cell protection can be disabled or enabled through "TOOLS PROTECTION UNPROTECT SHEET" on your toolbar. Formulas and checks are built into most of the templates.
- 3. Use of the disk is optional. The disk and the report cover shall be returned when the report is filed. There are macros built into the workbook to assist you with the report. An explanation of the macros is on the "Control" worksheet at the front of the workbook. The explanations start at cell A1.
- 4. All forms must be filled out in permanent ink and be legible. Note: Even if the computer disk is used, a printed version of the report shall be filed. The orientation and margins are set up on each individual worksheet and should print on one page. If you elect not to use the disk, please format your reports to fit on one 8.5" by 11" page with the left binding edge (top if landscaped) set at .85", the right edge (bottom if landscaped) set at .4", and the remaining two margins at .5". You may select specific schedules to print See the worksheet "CONTROL".
- 5. Unless otherwise indicated, all information required in these schedules shall be from the accounts prescribed in 47 C.F.R. Part 32 and the definitions and instructions therein will apply to this report wherever applicable.
- 6. Information on financial schedules may be rounded to thousands of dollars for companies with over 5,000 access lines. Companies submitting schedules rounded to thousands should so indicate at the top of the schedule.
- 7. Where more space is needed or more than one schedule is needed additional schedules may be attached and should be included directly behind the original schedule to which it pertains and be labeled accordingly (for example, Schedule 1A).
- 8. The information required with respect to any statement shall be furnished as a minimum requirement to which shall be added such further information as is necessary to make the required schedules not misleading.

9. The following schedules should be filled out with information on a total company basis:

Schedules 1 - 4 Schedule 10 Schedules 13 - 17 Schedule 19 Schedule 20, Page 1 of 2 Schedules 33 and 34

All other schedules should be filled out with Montana specific data. Financial schedules should include all amounts originating in Montana or allocated to Montana from other jurisdictions.

- 10. All companies owned by another company shall attach a corporate structure chart of the holding company.
- 11. The following schedules are not required to be filled out or submitted by companies with less than 5,000 access lines:

Schedule 6 Schedules 17 and 18 Schedule 21

- 12. Schedules that have no activity during the year or are not applicable to the respondent should be marked as not applicable and submitted with the report.
- 13. Companies with under 5,000 lines may use summary accounts and should leave lines for subaccounts blank. Summary accounts are noted with an asterisk and subaccounts that are not required are noted with a caret.
- 14. Companies with over 5,000 lines must complete schedules to all required subaccount detail.
- 15. FCC Form M sheets may not be substituted in lieu of completing annual report schedules.
- 16. Common sense must be used when filling out all schedules.

Specific Instructions

Schedules 3 through 9

- 1. **Schedules 3, 4, and 9** should include all notes to the financial statements required by the FCC or included in the financial statements issued as audited financial statements. These notes should be included in the report directly behind the schedules and should be labeled appropriately (Schedule 3A, etc.).
- 2. **Schedule 5** may be omitted for companies doing business only in Montana.
- 3. **Schedule 6** is not required for companies with under 5,000 lines.

- 4. **Schedule 7** must be completed by all companies. For companies under 5,000 lines, this schedule may be completed on a total state basis. Any such company completing the form on a total state basis shall indicate this fact clearly on the form.
- 5. **Schedule 8 -** Companies with less than 5,000 lines are not required to fill out the intrastate portion. The regulated rate base must be separated from the deregulated rate base but this may be done on a total state basis. Any company so doing shall clearly indicate this on the form.
- 6. Only accounts designated on **Schedule 8** may be included in rate base. Only companies who have specifically been authorized in a Commission order to include cash working capital in rate base may fill out line 8 on Schedule 8. Cash working capital must be calculated using the methodology approved in the Commission order. The most recent Commission Order, and Docket, specifying cash working capital shall be noted on the schedule.
- 7. **Schedule 9** Instructions to complete are similar to those used for the Statement of Cash Flows in the FCC Form M.

1. For the purpose of this schedule, nonofficial companies shall include any company in which the respondent has an ownership interest which does not meet the definition of an affiliated company set out in 47 C.F.R. Section 32.9000. This schedule shall not include telecommunications accounts receivable from other customers.

Schedule 11

1. All amounts listed in Column f that represent individual items for which the higher of cost or market value was in excess of \$50,000 for companies with under 5,000 lines and in excess of \$100,000 for companies with over 5,000 lines must be fully explained in notes to this schedule. The explanation must include the plant description and location, the original cost, the net book cost, the market value, the value at which it was transferred or the price at which it was sold, and the party to which it was transferred or sold.

Schedule 12

- 1. Respondents shall list each item amounting individually to \$100,000 or more and report all others in the aggregate.
- 2. Amounts in Column f relating to individual items exceeding \$50,000 shall be fully explained.

Schedule 15

- 1. Line 1 must be completed by all companies for the most recent calendar year. The retention and price/earnings ratios shall be calculated on a year end basis. Enter the actual year end market price in the "Year Ended" row. If the computer disk is used, enter the year end market price in the "High" column.
- 2. Lines starting at 9 shall be completed for each of the twelve months of the report year for all companies with over 5,000 access lines. Earnings per share and dividends per share shall be reported on a quarterly basis and entries shall be made only to the months that end the respective quarters (for example, March, June, September, and December.)

- 1. All companies are required to submit this form. Companies with more than one plan (for example, both a retirement plan and a deferred savings plan) shall complete a schedule for each plan.
- 2. Companies with defined benefit plans must complete the entire form using FASB 87 and 132 guidelines.
- 3. Interest rate percentages shall be listed to two decimal places.

Schedule 20

- 1. All changes to the employee benefit plans shall be explained in a narrative on lines 15 and 16. All cost containment measures implemented in the reporting year shall be explained and quantified in a narrative on lines 15 & 16. All assumptions used in quantifying cost containment results shall be disclosed.
- 2. The schedule shall be filled out using FASB 106 and 132 guidelines.

Schedule 21

1. Respondents shall disclose all payments made during the year where the aggregate payment to the recipient was \$25,000 or more. Payments must include fees, retainers, commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payment for services or as a donation.

Schedule 23

Respondents shall provide an attached sheet detailing the type and corresponding number of access lines for all entries in Column L (Other).

Schedule 24

- 1. Column (b). For each wire center that has a configuration of "Remote", Column (b) shall also reflect the respective "Host".
- 2. Column (c). Examples of Types of Switches are: Digital, Step by Step, and Crossbar.

Schedule 25

1. This schedule must be completed by all companies for the year following the reporting year.

Schedule 26

1. Respondents shall either report construction technicians and splicers as separate categories or footnote the appropriate categories and indicate the number of (1) construction technicians; and (2) splicers.

- 1. Include in column (d) ALL additional forms of compensation, including, but not limited to: deferred compensation, deferred savings plan, profit sharing, supplemental or non-qualified retirement plan, employee stock ownership plan, restricted stock, stock options, stock appreciation rights, performance share awards, dividend equivalent shares, mortgage payments, use of company cars or car lease payments, tax preparation consulting, financial consulting, home security systems, company-paid physicals, subscriptions to periodicals, memberships, association or club dues, tuition reimbursement, employee discounts, and spouse travel.
- 2. The above compensation items shall be listed separately. Where more space is needed additional schedules may be attached and shall be included directly behind the original schedule to which it pertains.
- 3. If respondent is claiming protected status of salary information both a proprietary and non-proprietary copy of this schedule shall be filed. On the non-proprietary copy respondent shall indicate which columns respondent maintains are proprietary. A note stating that such information is being provided separately shall be included on the schedule. In no case shall either Column (a) Name/Position, or Column (g) Percent Increase Total Compensation, be considered proprietary. Respondent shall provide all requested information on the proprietary copy.

Schedule 28

- 1. Respondents shall provide all executive compensation information in conformance with that required by the Securities and Exchange Commission (SEC) (Regulation S-K Item 402, Executive Compensation).
- 2. Include in column (d) ALL additional forms of compensation, including, but not limited to: deferred compensation, deferred savings plan, profit sharing, supplemental or non-qualified retirement plan, employee stock ownership plan, restricted stock, stock options, stock appreciation rights, performance share awards, dividend equivalent shares, mortgage payments, use of company cars or car lease payments, tax preparation consulting, financial consulting, home security systems, company-paid physicals, subscriptions to periodicals, memberships, association or club dues, tuition reimbursement, employee discounts, and spouse travel.
- 3. All items included in Column (d) Other Compensation shall be listed separately. Where more space is needed additional schedules may be attached and shall be included directly behind the original schedule.
- 4. In addition, respondents shall attach a copy of the executive compensation information provided to the SEC.

Schedule 29

Information from this schedule is consolidated with information from other Utilities and reported to the National Association of Regulatory Utility Commissioners (NARUC). Your assistance in completing this schedule, even though information may be located in other areas of the annual report, expedites reporting to the NARUC and is appreciated.

Schedules 33 and 34

- 1. Respondents shall report all transactions with affiliated companies.
- 2. Column (c). Respondents shall indicate in column (c) the method used to determine the price. Respondents shall indicate if a contract is in place between the Affiliate and the Utility. If a contract is in place, respondents shall indicate the year the contract was initiated, the term of the contract and the method used to determine the contract price.
- 3. Column (c). If the method used to determine the price is different than the previous year, respondents shall provide an explanation, including the reason for the change.

Schedule 35

- 1. Respondents shall provide an attached sheet detailing the account and the amount for all entries made to Lines 9 and 16.
- 2. Only companies who have specifically been authorized in a Commission Order to include cash working capital in rate base may include cash working capital in lines 9 or 16. Cash working capital must be calculated using the methodology approved in the Commission Order. The Commission Order specifying cash working capital shall be noted on the attached sheet.
- Respondents shall indicate, for each adjustment on lines 30 through 42, if the amount is updated or if it is from the last rate case. All adjustments shall be calculated using Commission methodology.

Schedule 36

1. Respondents shall list the amount of tax accrued or paid for the fiscal year attributable to Montana sources for each of the listed taxes

Schedule 37

1. Respondents shall list the amount of Universal Service Funds received from Montana and from the federal government.

General Information

Year: 2000

1. Legal Name of Respondent: Southern Montana Telephone Company

2. Name Under Which Respondent Does Business: Southern Montana Telephone Company

3. Date of Incorporation: 1944

4. Address to send Correspondence Concerning Report: PO Box 205, Wisdom, MT 59761

5. Person Responsible for This Report: Conrad Eklund, General Manager

5a. Telephone Number: 406-689-3333

Control Over Respondent

1. If direct control over the respondent was held by another entity at the end of year provide the following:
1a. Name and address of the controlling organization or person:

1b. Means by which control was held:

1c. Percent Ownership:

		Board of Directors	
Line No.		Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Robert G. Helming	Wisdom, MT 59761	7500
2	Michele Helming	Wisdom, MT 59761	3000
3	Conrad Eklund	Wisdom, MT 59761	7500
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18	Chairman of the Board:	Robert G. Helming	
19			
20			

Officers				
Line No.	Title of Officer (a)	Department Over Which Jurisdiction is Exercised (b)	Name and Address of Person Holding Office at Year End (c)	
1 2	President	All Departments	Robert G. Helming Wisdom, MT 59761	
3 4 5 6 7 8	Secretary/Treasurer	All Departments	Conrad Eklund Wisdom, MT 59761	
10 11 12 13 14				
15 16 17 18 19				
20 21 22 23 24				
25 26 27 28 29				
30 31 32 33				
34 35 36 37 38				
39 40 41 42				
43 44 45				

Page 1 of 2

			Total Company Balance Sheet		Year: 2000
		Acct.		This	Last
Line		No.	Description	Year	Year
No.		(a)	(b)	(c)	(d)
1	T	(-)	CURRENT ASSETS:		
2	-	1120	Cash and Equivalents		
3		1180	Telecommunications Accounts Receivable - Net	(SEE ATTACHED A	UDITED
4	1	1190	Other Accounts Receivable - Net	FINANCIALS)	
5		1200	Notes Receivable - Net		
6	1	1210	Interest and Dividends Receivable		
7		1220	Materials and Supplies		
8	*	1280	Prepayments		
9	^	1290	Prepaid Rents		
10	^	1300	Prepaid Taxes		
11	^	1310	Prepaid Insurance		
12	^	1320	Prepaid Directory Expenses		
13	^	1330	Other Prepayments		
14		1350	Other Current Assets		
15			Total Current Assets		
16			NONCURRENT ASSETS:		
17		1401	Investments in Affiliated Companies		
18		1402	Investments in Nonaffiliated Companies		
19		1406	1		
20		1407	Unamortized Debt Issuance Expense		
21		1408	Sinking Funds		
22		1410	Other Noncurrent Assets		
23		1438	Deferred Maintenance and Retirements		
24		1439	Deferred Charges		
25		1500	Other Jurisdictional Assets - Net		
26			Total Noncurrent Assets		
27			PROPERTY, PLANT, & EQUIPMENT:		
28		2001	Telecommunications Plant in Service		
29		2002	Property Held for Future Telecommunications Use		
30		2003	Plant Under Construction - Short Term		
31		2004	Plant Under Construction - Long Term		
32		2005	Telecommunications Plant Adjustment		
33		2006	Nonoperating Plant		
34		2007			
35		3100	Accumulated Depreciation		
36		3200	Accumulated Depreciation - Held for Future Use		
37		3300	Accumulated Depreciation - Nonoperating		
38	<u>L</u>	3400	Accumulated Amortization		
39	<u> </u>	<u> </u>	Net Property, Plant, & Equipment		
			TOTAL A COPTO		
40	<u> </u>	<u> </u>	TOTAL ASSETS		

[^] Subaccount of account marked with a *.

Page 2 of 2

		Total Company Balance Sheet		Year: 2000
	Acc		This	Last
Line	No.		Year	Year
No.	(a)	(b)	(c)	(d)
41		CURRENT LIABILITIES:		
42	401		(SEE ATTACHED A	UDITED
43	402	•	FINANCIALS)	
44	403	1	, ·	
45	404	Customer Deposits		
46	405	Current Maturities - Long Term Debt		
47	406	Current Maturities - Capital Leases		
48	407	Income Taxes - Accrued		
49	408	Other Taxes - Accrued		
50	410	Net Current Deferred Operating Income Taxes		
51	411	Net Current Deferred Nonoperating Income Taxes		
52	412	Other Accrued Liabilities		
53	413	Other Current Liabilities		
54		Total Current Liabilities		
55		LONG-TERM DEBT:		
56	421	Funded Debt		
57	422			
58	423	Discount on Long-Term Debt		
59	424	Reacquired Debt		
60	425	Obligations Under Capital leases		
61	426	-		
62	427	Other Long-Term Debt		
63		Total Long-Term Debt		
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	431			
66	432	1		
67	433	1		
68	434	1		
69	435	^		
70	436			
71	437			
72		Total Other Liabilities and Deferred Credits		
73		STOCKHOLDERS' EQUITY:		
74	451	1 -		
75	452	•		
76	453	1 *		
77	454	1 *		
78	455			
79		Total Stockholders' Equity		

TOTAL LIAB. AND STOCKHOLDERS' EQUITY

80

Year: 2000

Total Company Income Statement

		A 4	Total Company mediae statement	This	T
Line		Acct.	D	Į.	Last
No.		No.	Description	Year	Year
		(a)	(b)	(c)	(d)
1			REVENUES:	(GEE AFFI CLIED	ALIDITED
2		5000	Basic Local Service Revenues	(SEE ATTACHED	AUDITED
3		5080	Network Access Revenues	FINANCIALS)	
4	*	5100	Long Distance Message Revenue		
5	^	5110	Unidirectional Long Distance Revenue		
6	^	5120	Long Distance Private Network Revenue		
7	^	5160	Other Long Distance Revenue		
8	^	5169	Other Long Distance Revenue Settlements		
9	*	5200	Miscellaneous Revenue		
10	^	5230	Directory Revenue		
11	^	5240	Rent Revenue		
12	^	5250	Corporate Operations Revenue		
13	^	5260	Miscellaneous Revenue		
14	^	5270	Carrier Billing and Collection Revenue		
15	^	5280	Nonregulated Revenue		
16		5300	Uncollectible Revenue		
17			Total Revenues (L.2+L.3+L.4+L.9-L.16)	#VALUE!	
18			OPERATING EXPENSES:		
19		6110	Network Support Expense		
20		6120	General Support Expense		
21		6210	Central Office Switching Expense		
22		6220	Operator Systems Expense		
23		6230	Central Office Transmission Expense		
24		6310	Information Origination/Termination Expense		
25	*	6410	Cable and Wire Facilities Expense		
26	^	6431	Aerial Wire Expense		
27	^	6441	Conduit Systems Expense		
28		6510	Other Property, Plant & Equipment Expense		
29		6530	Network Operations Expense		
30		6540	Access Expense		İ
31		6560	Depreciation and Amortization Expense		
32		6610	Marketing		
33		6620	Services		
34		6710	Executive and Planning		
35		6720	General and Administrative		
36	igspace	6790	Provision for Uncollectible Notes Receivable		
37	<u> </u>		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)		
38		7100	Other Operating Income and Expense		
39		7200	Operating Taxes	HATAT TITLE	
40	<u> </u>	7200	Net Operating Income (L.17-L.37+L.38-L.39)	#VALUE!	
41		7300	Nonoperating Income and Expense		
42	Ì	7400	Nonoperating Taxes		
43		7500	Interest and Related Items		
44		7600	Extraordinary Items		
45		7910	Effects of Juris. Ratemaking Diff Net		
46	 	7990	Nonregulated Net Income	#X/AT LITE	
47	<u> </u>	L	NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	#VALUE!	

[^] Subaccount of the account marked with a *.



INDEPENDENT AUDITOR'S REPORT and FINANCIAL STATEMENTS DECEMBER 31, 2000 AND 1999

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CERTIFIED PUBLIC ACCOUNTANTS

601 West Riverside, Suite 1800 Spokane, WA 99201-0663

Phone 509.747,2600 Toll Free 1.800,888,4065 FAX 509.624.5129

Offices in Principal Cities of Washington, Oregon and California

INDEPENDENT AUDITOR'S REPORT

Board of Directors Southern Montana Telephone Company Wisdom, Montana

We have audited the accompanying balance sheets of Southern Montana Telephone Company as of December 31, 2000 and 1999, and the related statements of income, stockholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern Montana Telephone Company, as of December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 25, 2001, on our consideration of Southern Montana Telephone Company's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Dos Clame To Spokane, Washington

January 25, 2001

A member of

Moores Rowland

An association of independent accounting firms throughout the world.

SOUTHERN MONTANA TELEPHONE COMPANY BALANCE SHEET

LIABILITIES AND STOCKHOLDER'S EQUITY

	December 31,		
	2000	1999	
CURRENT LIABILITIES			
Accounts payable	\$ 117,046	\$ 175,402	
Advance billing and customer deposits	10,323	8,389	
Current maturities of long-term debt	290,688	292,958	
Other accrued taxes	38,146	64,397	
Other accrued liabilities	110,201	106,476	
Accrued interest payable	9,010	8,103	
Income taxes payable	3,922	57,690	
Total current liabilities	579,336	713,415	
LONG-TERM DEBT	3,105,112	2,702,398	
OTHER LIABILITIES AND DEFERRED CREDITS			
Deferred investment tax credits	66,322	75,549	
Deferred income taxes	917,952	951,370	
	984,274	1,026,919	
STOCKHOLDER'S EQUITY			
Common stock, \$10 par value; authorized 5,000 shares			
2,907 shares issued	29,070	29,070	
Paid-in capital	3,290	3,290	
Retained earnings	5,366,424	5,040,765	
	5,398,784	5,073,125	
Less treasury stock, 2297 shares at cost	(2,581,408)	(916,408)	
Unrealized gain (loss) on available for sale securities	(57,682)	40,737	
	2,759,694	4,197,454	
	\$ 7,428,416	\$ 8,640,186	

SOUTHERN MONTANA TELEPHONE COMPANY STATEMENT OF STOCKHOLDER'S EQUITY

	Total	Stockholder's Equity	Accumulated Comprehensive Income	nprehensive Income
Balance, December 31, 1998	\$ 3,905,250	\$ 3,892,021	\$ 13,229	
Net income	264,696	264,696	-	\$ 264,696
Unrealized gain on available for				
sale securities, net of tax	27,508		27,508	 27,508
Comprehensive income				\$ 292,204
Balance, December 31, 1999	4,197,454	4,156,717	40,737	
Net income	325,659	325,659	-	\$ 325,659
Unrealized loss on available for sale securities, net of tax	(98,419)	-	(98,419)	(98,419)
Purchase of 457 shares of stock for the treasury at cost	(1,665,000)	(1,665,000)	-	 -
Comprehensive income				\$ 227,240
Balance, December 31, 2000	\$ 2,759,694	\$ 2,817,376	\$ (57,682)	
Disclosure of 2000 reclassification amount of the Unrealized holding loss during period	ount:	\$ (57,682)		
Less reclassification adjustment for los in net income	s reported	(40,737)		
Net unrealized net loss on securities		\$ (98,419)		

SOUTHERN MONTANA TELEPHONE COMPANY STATEMENT OF CASH FLOWS

	Year Ended December 31,		
	2000	1999	
CASH FLOWS FROM FINANCING ACTIVITIES Proceeds of long-term debt Principal payments of long-term debt Repurchase of stock for the treasury	\$ 665,000 (264,556) (1,665,000)	\$ 600,000 (152,775)	
Net cash provided (used) by financing activities	(1,264,556)	447,225	
NET CHANGE IN CASH AND CASH EQUIVALENTS	(453,361)	461,051	
Cash and cash equivalents at beginning of year	932,010	470,959	
Cash and cash equivalents at end of year	\$ 478,649	\$ 932,010	
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION Cash paid during the year for:			
Interest	\$ 104,135	\$ 64,711	
Income taxes	\$ 232,167	\$ 67,671	

SOUTHERN MONTANA TELEPHONE COMPANY NOTES TO FINANCIAL STATEMENTS

Note 1 - Significant Accounting Policies (Continued)

Property, plant, and equipment:

Property, plant, and equipment are stated at cost. The cost of additions and substantial betterments of property, plant, and equipment is capitalized. The cost of maintenance and repairs is charged to operating expenses.

Property, plant, and equipment are depreciated using straight-line methods in accordance with rates as approved by the Montana Public Service Commission, generally ranging from 3 to 29 years. In accordance with composite group depreciation methodology, when a portion of the Company's depreciable property, plant, and equipment is retired in the ordinary course of business, the gross book value is charged to accumulated depreciation.

Investment securities:

The Company's policy for investment securities is as follows:

- * Trading securities: Trading securities consist of debt and equity securities that are bought and held principally for the purpose of selling in the near term and are reported at fair value, with unrealized gains and losses included in earnings. The Company did not hold any trading securities during 2000 or 1999.
- * Securities held to maturity: Debt securities for which the Company has the positive intent and ability to hold to maturity are classified as held to maturity. Held to maturity securities are stated at amortized cost.
- * Securities available for sale: Securities not classified as held to maturity or trading are classified as available for sale. Available for sale securities are stated at fair value, with any unrealized gains and losses, net of deferred taxes, reported as a separate component of stockholder's equity.

Valuation of accounts receivable:

An estimate of collectibility of accounts receivable is made annually. Specific accounts are charged to bad debt expense when it is determined that the account will not be collected. The result of this method does not materially differ from generally accepted accounting principles.

Allowance for funds used during construction (AFUDC):

The Company records as income and capitalizes as a cost of construction the cost of financing large construction projects spanning a period greater than two months. The Company uses a weighted average interest rate based on total Company long-term debt. No such costs were capitalized in 2000 or 1999.

SOUTHERN MONTANA TELEPHONE COMPANY NOTES TO FINANCIAL STATEMENTS

Note 2 - Property, Plant, and Equipment

Property, plant, and equipment balances together with accumulated depreciation and amortization consist of the following at December 31, 2000 and 1999:

	Plant Account	Accumulated Depreciation	2000 Net Balance	1999 Net Balance	
Plant in service Plant under construction	\$ 7,436,726 61,247	\$ 3,178,752	\$ 4,257,974 61,247	\$ 4,565,970 13,782	
TOTAL	\$ 7,497,973	\$ 3,178,752	\$ 4,319,221	\$ 4,579,752	

Telecommunications plant in-service balances together with accumulated depreciation consists of the following at December 31, 2000 and 1999:

		Plant Account	ecumulated epreciation	 2000 Net Balance	1999 Net Balance
General support assets:					
Land	\$	38,451	\$ -	\$ 38,451	\$ 38,451
Motor vehicles		236,794	251,794	(15,000)	1,300
Other work equipment		327,024	327,460	(436)	(10,436)
Buildings		594,707	240,108	354,599	374,938
Furniture and office equipment		8,365	8,365	-	-
Furniture and office equipment					
(five-year assets)		15,138	13,307	1,831	2,745
General purpose computer		54,497	245	54,252	59,804
Official stations		18,527	9,098	9,429	3,464
Central office assets:					
Digital switching		1,192,122	277,219	914,903	987,246
Transmission equipment		700,487	161,166	539,321	569,867
Cable facilities:					
Buried cable		2,758,658	1,617,832	1,140,826	1,258,517
Fiber optic cable		1,491,956	 272,158	 1,219,798	 1,280,074
	\$	7,436,726	\$ 3,178,752	\$ 4,257,974	\$ 4,565,970

SOUTHERN MONTANA TELEPHONE COMPANY NOTES TO FINANCIAL STATEMENTS

Note 4 - Investment in Debt and Marketable Equity Securities (Continued)

The following is a summary of the Company's investment in securities held to maturity:

The following is a summary of the Company's hive	SIII	iem in secu	HIHES	s neid to ma	urrey	•
		I)ecer	nber 31, 20	00	
Held to Maturity		Cost	U	Gross Inrealized Losses		Estimated air Value
Other interest-bearing securities	\$	100,000	\$	_	\$	100,000
<u>-</u>		Ι	Decei	mber 31, 199	9	
Other interest-bearing securities	\$	100,000	\$	P	\$	100,000
Maturities of securities held to maturity by contract follows:	tua	l maturity a	as of	December 3	1, 20	000, are as
				Amortized Cost		Estimated Fair Value
Maturing in one to five years				\$100,00	0 _	\$100,000
An unrealized gain (loss) on investment securities and 1999, was reported as a separate component following:		-				
				2000		1999
Unrealized holding gains (losses) Deferred tax effect related to unrealized holding ga	ains	s (losses)	\$	(87,243) 29,561	\$	62,178 (21,441)
			\$	(57,682)	\$	40,737

SOUTHERN MONTANA TELEPHONE COMPANY NOTES TO FINANCIAL STATEMENTS

Note 6 - Long-Term Debt (Continued)

The terms of the mortgage agreements contain restrictions on the declaration or payment of cash dividends, redemption of capital stock, or investment in affiliated companies.

Aggregate maturities or payments required on principal under long-term debt obligations for each of the succeeding five years are as follows:

2001	\$ 290,688
2002	307,946
2003	325,951
2004	268,856
2005	203,442
Later years	1,998,917
	\$ 3,395,800

Note 7 - Retirement Plans

The Company participates in two multi-employer pension plans with the National Telephone Cooperative Association that cover substantially all of its employees.

The "retirement and security program" is a defined benefit plan. The Company's regular contribution to the retirement and security program and the amount charged to pension expense for the years ended December 31, 2000 and 1999, was \$53,526 and \$50,393, respectively.

The "savings plan" is a noncontributory defined contribution plan. The Company's contributions were \$19,725 and \$18,148 for the years ended December 31, 2000 and 1999, respectively.

Note 8 - Income Taxes

Components of provision (benefit) for income tax expense:

	2000		1999
\$	139,601	\$	129,164
	29,821		27,526
	5,194		10,124
	2,863		3,930
بالم	8,326		(102)
	185,805	\$	170,642
		\$ 139,601 29,821 5,194 2,863 8,326	\$ 139,601 \$ 29,821 \$ 5,194 2,863 8,326

SOUTHERN MONTANA TELEPHONE COMPANY NOTES TO FINANCIAL STATEMENTS

Note 9 - Access Revenues

The Company's access revenues are determined by industry-regulated procedures for originating and terminating long-distance calls.

Intrastate:

Revenues for intrastate access are based on the Company's tariffed rates. Rates are regulated by the Montana State Public Commission and billed to interexchange carriers.

Interstate:

Revenues for interstate toll services are based on the Company's participation in the revenue pools administered by the National Exchange Carrier Association (NECA) which is regulated by the FCC. Revenues are determined by annually prepared separations and interstate access cost studies. Revenues for the current year are based on estimates prior to the submission of the cost study reporting actual results of operations and network traffic measurements. Additionally, the studies are subject to a 24-month pool adjustment period and a final review and acceptance by pool administrators. Management does not anticipate significant adjustments to recorded revenues for the years ended December 31, 2000 and 1999.

Note 10 - Workers' Compensation

The Company is a member of the Montana Electric and Telephone Systems Self-Insured Workers' Compensation Pool (the Pool). The Pool covers potential liability for workers' compensation and occupational disease to employees and dependents of deceased employees of all members in the Pool. The Company is jointly and severally liable with the other members for the full amount of all known and unknown claims.

Note 11 - Related Party Transactions

The Company leases its office building from Robert G. Helming, sole stockholder, officer, and director of the Company. The lease calls for monthly payments of \$2,200 through December 31, 2001. Following is a summary of minimum rental payments under the current lease for the year subsequent to December 31, 2000:

2001 \$ 26,400

Note 12 - Stock Redemption

On September 15, 2000, the Company redeemed to treasury 457 of the 1,067 outstanding shares of common stock from one of the Company's former stockholders. The total redemption price was \$1,665,000 of which \$1,000,000 was paid in cash and the remaining balance of \$665,000 will be paid in monthly installments over ten years with interest at 7.5% per year.

Montana Total State Income Statement

	Last Year
No. (a) Description (b) Year (c) REVENUES: Solvential Service Revenues (NOT APPLIC BUSINESS IN Service Revenue) Long Distance Message Revenue (Unidirectional Long Distance Revenue) Long Distance Private Network Revenue Construction of the Long Distance Revenue (Private Network Revenue) No. (a) (b) (c) REVENUES: Not Application of the Long Access Revenues (NOT APPLIC BUSINESS IN BUSINESS IN Service) No. (a) (b) (c) REVENUES: Not Application of the Long Access Revenue (Private Network Revenue) Solvential Service Revenue (Private Network Revenue) No. (b) (c) Not Application of the Long Access Revenue) Business In Service Revenue (Private Network Revenue) Other Long Distance Revenue (Private Network Revenue) Not Application of the Long Distance Revenue (Private Network Revenue) Not Application of the Long Distance Revenue (Private Network Revenue) Not Application of the Long Distance Revenue (Private Network Revenue) Not Application of the Long Distance Revenue (Private Network Revenue) Not Application of the Long Distance Revenue (Private Network Revenue) Not Application of the Long Distance Revenue (Private Network Revenue) Not Application of the Long Distance Revenue (Private Network Revenue) Not Application of the Long Distance Revenue (Private Network Revenue) Not Application of the Long Distance Revenue (Private Network Revenue) Not Application of the Long Distance Revenue (Private Network Revenue) Not Application of the Long Distance Revenue (Private Network Revenue) Not Application of the Long Distance Revenue (Private Network Revenue) Not Application of the Long Distance Revenue (Private Network Revenue) Not Application of the Long Distance Revenue (Private Network Revenue) Not Application of the Long Distance Revenue (Private Network Revenue) Not Application of the Long Distance Revenue (Private Network Revenue) Not Application of the Long Distance Revenue (Private Network Revenue) Not Application of the Long Distance Revenue (Private Network Revenue) Not Application of	Year
(a) REVENUES: Co	
2 5000 Basic Local Service Revenues (NOT APPLIC BUSINESS IN	(d)
3	
4 * 5100 Long Distance Message Revenue 5 ^ 5110 Unidirectional Long Distance Revenue 6 ^ 5120 Long Distance Private Network Revenue 7 ^ 5160 Other Long Distance Revenue 8 ^ 5169 Other Long Distance Revenue Settlements 9 * 5200 Miscellaneous Revenue 10 ^ 5230 Directory Revenue 11 ^ 5240 Rent Revenue	CABLE-DOING
5^5110Unidirectional Long Distance Revenue6^5120Long Distance Private Network Revenue7^5160Other Long Distance Revenue8^5169Other Long Distance Revenue Settlements9*5200Miscellaneous Revenue10^5230Directory Revenue11^5240Rent Revenue	MONTANA ONLY)
6 ^ 5120 Long Distance Private Network Revenue 7 ^ 5160 Other Long Distance Revenue 8 ^ 5169 Other Long Distance Revenue Settlements 9 * 5200 Miscellaneous Revenue 10 ^ 5230 Directory Revenue 11 ^ 5240 Rent Revenue	
7 ^ 5160 Other Long Distance Revenue 8 ^ 5169 Other Long Distance Revenue Settlements 9 * 5200 Miscellaneous Revenue 10 ^ 5230 Directory Revenue 11 ^ 5240 Rent Revenue	
8 ^ 5169 Other Long Distance Revenue Settlements 9 * 5200 Miscellaneous Revenue 10 ^ 5230 Directory Revenue 11 ^ 5240 Rent Revenue	
8 ^ 5169 Other Long Distance Revenue Settlements 9 * 5200 Miscellaneous Revenue 10 ^ 5230 Directory Revenue 11 ^ 5240 Rent Revenue	
9 * 5200 Miscellaneous Revenue 10 ^ 5230 Directory Revenue 11 ^ 5240 Rent Revenue	
11 ^ 5240 Rent Revenue	
11 ^ 5240 Rent Revenue	
1	
13 ^ 5260 Miscellaneous Revenue	
14 ^ 5270 Carrier Billing and Collection Revenue	
15 ^ 5280 Nonregulated Revenue	
16 5300 Uncollectible Revenue	
17 Total Revenues (L.2+L.3+L.4+L.9-L.16) #VALUE	!
18 OPERATING EXPENSES:	
19 6110 Network Support Expense	
20 6120 General Support Expense	
21 6210 Central Office Switching Expense	
22 6220 Operator Systems Expense	
23 6230 Central Office Transmission Expense	
24 6310 Information Origination/Termination Expense	
25 * 6410 Cable and Wire Facilities Expense	
26 \ ^ \ 6431 \ Aerial Wire Expense	
27 ^ 6441 Conduit Systems Expense	
28 6510 Other Property, Plant & Equipment Expense	
29 6530 Network Operations Expense	
30 6540 Access Expense	
31 6560 Depreciation and Amortization Expense	
32 6610 Marketing	
33 6620 Services	
34 6710 Executive and Planning	
35 6720 General and Administrative	
36 6790 Provision for Uncollectible Notes Receivable	
37 Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	
38 7100 Other Operating Income and Expense	
39 7200 Operating Taxes	
40 Net Operating Income (L.17-L.37+L.38-L.39) #VALUE	1

[^] Subaccount of the account marked with a *.

Year: 2000

Montana Intrastate Income Statement

Line No.	2000
No.	
Columbridge	
Source S	<u>l)</u>
Solution	
* 5100	
5 ^ 5110 Unidirectional Long Distance Revenue 6 ^ 5120 Long Distance Private Network Revenue 7 ^ 5160 Other Long Distance Revenue 8 ^ 5169 Other Long Distance Revenue 9 * 5200 Miscellaneous Revenue 10 ^ 5230 Directory Revenue 11 ^ 5240 Rent Revenue 12 ^ 5250 Corporate Operations Revenue 13 ^ 5260 Miscellaneous Revenue 14 ^ 5270 Carrier Billing and Collection Revenue 15 ^ 5280 Mornegulated Revenue 16 > 5200 Uncollectible Revenue 17 Total Revenues (L.2+L.3+L.4+L.9-L.16) #VALUE! OPERATING EXPENSES: 19 6110 Support Expense 20 6120 General Support Expense 21 6210 Central Office Switching Expense 22 6220 Operation S	NLY)
6 ^ 5120 Long Distance Private Network Revenue 7 ^ 5160 Other Long Distance Revenue 8 ^ 5169 Other Long Distance Revenue 9 * 5200 Miscellaneous Revenue 10 ^ 5230 Directory Revenue 11 ^ 5240 Rent Revenue 12 ^ 5250 Corporate Operations Revenue 13 ^ 5260 Miscellaneous Revenue 14 ^ 5270 Carrier Billing and Collection Revenue 15 ^ 5280 Monregulated Revenue 16 5300 Uncollectible Revenue 17 Total Revenues (L.2+L.3+L.4+L.9-L.16) #VALUE! 18 OPERATING EXPENSES: 19 6110 Network Support Expense 21 6210 General Support Expense 22 6220 Operator Systems Expense 23 6230 Central Office Transmission Expense 24 6310 Information Origination/Termination Expen	
7 ^ 5160 Other Long Distance Revenue 8 ^ 5169 Other Long Distance Revenue Settlements 9 * 5200 Miscellaneous Revenue 10 ^ 5230 Directory Revenue 11 ^ 5240 Rent Revenue 12 ^ 5250 Corporate Operations Revenue 13 ^ 5260 Miscellaneous Revenue 14 ^ 5270 Carrier Billing and Collection Revenue 16 5300 Uncollectible Revenue 17 Total Revenues (L.2+L.3+L.4+L.9-L.16) #VALUE! 18 OPERATING EXPENSES: 19 6110 Network Support Expense 20 6120 General Support Expense 21 6210 Central Office Switching Expense 22 6220 Operator Systems Expense 23 6230 Central Office Transmission Expense 25 * 6410 Cable and Wire Facilities Expense 26 ^ 6431 Aerial Wire Expense 27 ^ 6441 Conduit Systems Expense 29 6530	
8 ^ 5169 Other Long Distance Revenue Settlements 9 * 5200 Miscellaneous Revenue 10 ^ 5230 Directory Revenue 11 ^ 5240 Rent Revenue 12 ^ 5250 Corporate Operations Revenue 13 ^ 5260 Miscellaneous Revenue 14 ^ 5270 Carrier Billing and Collection Revenue 15 ^ 5280 Nonregulated Revenue 16 5300 Uncollectible Revenue 17 Total Revenues (L.2+L.3+L.4+L.9-L.16) #VALUE! 18 OPERATING EXPENSES: 19 6110 Network Support Expense 20 6120 General Support Expense 21 6210 Central Office Switching Expense 22 6220 Operator Systems Expense 23 6230 Linformation Origination/Termination Expense 25 * 6410 Cable and Wire Expense 26 ^ 6431 Aerial Wire Expense	
9 * 5200 Miscellaneous Revenue 10 ^ 5230 Directory Revenue 11 ^ 5240 Rent Revenue 12 ^ 5250 Corporate Operations Revenue 13 ^ 5260 Miscellaneous Revenue 14 ^ 5270 Carrier Billing and Collection Revenue 15 ^ 5280 Nonregulated Revenue 16 5300 Uncollectible Revenue 17 Total Revenues (L.2+L.3+L.4+L.9-L.16) #VALUE! 18 OPERATING EXPENSES: 19 6110 Network Support Expense 20 6120 General Support Expense 21 6210 Central Office Switching Expense 22 6220 Operator Systems Expense 23 6230 Central Office Transmission Expense 24 6310 Information Origination/Termination Expense 25 * 6410 Aerial Wire Expense 26 ^ 6431 Aerial Wire Expense 27 ^ 6441	
10	
11	
12	
13	
13	
15	
15	
16	
Total Revenues (L.2+L.3+L.4+L.9-L.16)	
18	
19 6110 Network Support Expense General Support Expense General Support Expense General Support Expense General Office Switching Expense General Office Switching Expense General Office Switching Expense General Office Transmission Expense General Office Switching Expense General Support Expense General Support Expense General Support Expense General Support Expense General Office Switching Expense General Off	
Central Office Switching Expense Central Office Switching Expense Central Office Transmission Expense Central Office Transmission Expense Cable and Wire Facilities Expense Cable and Wire Facilities Expense Cable and Wire Expense Cable and Wire Expense Conduit Systems Expense Conduit Systems Expense Conduit Systems Expense Cable Access Expense Cable and Wire Expense Conduit Systems Expense Cable and Wire Expense	
Central Office Switching Expense Central Office Switching Expense Central Office Transmission Expense Central Office Transmission Expense Cable and Wire Facilities Expense Cable and Wire Facilities Expense Cable and Wire Expense Cable and Wire Expense Conduit Systems Expense Conduit Systems Expense Conduit Systems Expense Cable Access Expense Cable and Wire Expense Conduit Systems Expense Cable and Wire Expense	
22 6220 Operator Systems Expense Central Office Transmission Expense Call Office Transmission Expense Information Origination/Termination Expense Cable and Wire Facilities Expense Aerial Wire Expense Conduit Systems Expense Conduit Sy	
23 6230 Central Office Transmission Expense 1	
24 6310 Information Origination/Termination Expense Cable and Wire Facilities Expense Cable and Wire Expense Aerial Wire Expense Conduit Systems Expense Conduit Systems Expense Conduit Systems Expense Conduit Systems Expense Cable Acrial Wire Expense Conduit Systems Expense Conduit Systems Expense Cable Acrial Wire Expense Conduit Systems Expense Conduit Systems Expense Cable Acrial Wire Expense Conduit Systems Expense Conduit Systems Expense Cable Acrial Wire Expense Conduit Systems Expense Conduit Systems Expense Cable Acrial Wire Expense Conduit Systems Expense	
25 * 6410 Cable and Wire Facilities Expense 26 ^ 6431 Aerial Wire Expense 27 ^ 6441 Conduit Systems Expense 28 6510 Other Property, Plant & Equipment Expense 29 6530 Network Operations Expense 30 6540 Access Expense 31 6560 Depreciation and Amortization Expense 32 6610 Marketing 33 6620 Services	
26 ^ 6431 Aerial Wire Expense 27 ^ 6441 Conduit Systems Expense 28 6510 Other Property, Plant & Equipment Expense 29 6530 Network Operations Expense 30 6540 Access Expense 31 6560 Depreciation and Amortization Expense 32 6610 Marketing 33 6620 Services	
27 ^ 6441 Conduit Systems Expense 28 6510 Other Property, Plant & Equipment Expense 29 6530 Network Operations Expense 30 6540 Access Expense 31 6560 Depreciation and Amortization Expense 32 6610 Marketing 33 6620 Services	
28 6510 Other Property, Plant & Equipment Expense 29 6530 Network Operations Expense 30 6540 Access Expense 31 6560 Depreciation and Amortization Expense 32 6610 Marketing 33 6620 Services	
29 6530 Network Operations Expense 30 6540 Access Expense 31 6560 Depreciation and Amortization Expense 32 6610 Marketing 33 6620 Services	
30	
31 6560 Depreciation and Amortization Expense 32 6610 Marketing 33 6620 Services	
32 6610 Marketing 33 6620 Services	
33 6620 Services	
35 6720 General and Administrative	
36 6790 Provision for Uncollectible Notes Receivable	
37 Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	
38 7100 Other Operating Income and Expense	
39 7200 Operating Taxes	
40 Net Operating Income (L.17-L.37+L.38-L.39) #VALUE!	

[^] Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

		N	Montana Intrastate Regulated Income Statem	ient	Year: 2000
Line		Acct.		This	Last
1 1		No.	Description	Year	Year
No.		(a)	(b)	(c)	(d)
1			REVENUES:		
2		5000	Basic Local Service Revenues	(NOT APPLICABL	E-DOING
3		5080	Network Access Revenues	BUSINESS IN MO	NTANA ONLY)
4	*	5100	Long Distance Message Revenue	,	
5	^	5110	Unidirectional Long Distance Revenue		
6	^	5120	Long Distance Private Network Revenue		
7	^	5160	Other Long Distance Revenue		
8	^	5169	Other Long Distance Revenue Settlements		
9	*	5200	Miscellaneous Revenue		
10	^	5230	Directory Revenue		
11	^	5240	Rent Revenue		
12	^	5250	Corporate Operations Revenue		
13	^	5260	Miscellaneous Revenue		
14	^	5270	Carrier Billing and Collection Revenue		
15	^	5280	Nonregulated Revenue		
16		5300	Uncollectible Revenue		
17			Total Revenues (L.2+L.3+L.4+L.9-L.16)	#VALUE!	
18			OPERATING EXPENSES:		
19		6110	Network Support Expense		
20		6120	General Support Expense		
21		6210	Central Office Switching Expense		
22		6220	Operator Systems Expense		
23		6230	Central Office Transmission Expense		
24		6310	Information Origination/Termination Expense		
25	*	6410	Cable and Wire Facilities Expense		
26	^	6431	Aerial Wire Expense		
27	^	6441	Conduit Systems Expense		
28		6510	Other Property, Plant & Equipment Expense		
29		6530	Network Operations Expense		
30		6540	Access Expense		
31		6560	Depreciation and Amortization Expense		
32		6610	Marketing		
33		6620	Services		
34		6710	Executive and Planning		
35		6720	General and Administrative		
36		6790	Provision for Uncollectible Notes Receivable		
37			Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)		
38		7100	Other Operating Income and Expense		
39		7200	Operating Taxes		
40			Net Operating Income (L.17-L.37+L.38-L.39)	#VALUE!	

[^] Subaccount of the account marked with a *.

		Average Rate Base - Total State	•	Year: 2000
Line	Acct.		This	Last
No.	No.	Description	Year	Year
190.	(a)	(b)	(c)	(d)
1	2001	Telecommunications Plant in Service	7421587	7478758
2	3100	Accumulated Depreciation	-3165444	-2915533
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	41337	41694
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	10628368	10435985

(NOT APPLICABLE-UNDER 5000 ACCESS LINES)

Average Rate Base - Intrastate

Line	Acct.		This	Last
No.	No.	Description	Year	Year
INO.	(a)	(b)	(c)	(d)
1	2001	Telecommunications Plant in Service		
2	3100	Accumulated Depreciation		
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)		

Average Rate Base - Regulated Intrastate

	Acct.		This	Last
Line	No.	Description	Year	Year
No.	(a)	(b)	(c)	(d)
1	2001	Telecommunications Plant in Service		
2	3100	Accumulated Depreciation		
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies		
6	4340	Noncurrent Deferred Operating Income Taxes		
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)		
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)		

Statement of Cash Flows

	Statement of Cash Flows		Year: 2000
Line	Item Description	Amount	Amount
No.	(a)	(b)	(c)
1	Increase/(decrease) in Cash & Cash Equivalents		
2	Cash Flows from Operating Activities:		
3	Net Income		
4	Reconciliation Adjustments:	(SEE ATTACHED	STATEMENT
5	Depreciation & Amortization	OF CASH FLOWS)	
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net		
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net		
11	Change in Materials, Supplies & Inventories - Net		
12	Change in Operating Payables & Accrued Liabilities - Net		
13	Change in Other Assets & Deferred Credits - Net		
14	Change in Other Liabilities & Deferred Credits - Net		
15	Other (explained on back of this page)		
16	Total Adjustments		
17	Net Cash Provided by/(Used in) Operating Activities		
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of		
20	AFUDC & Capital Lease Related Acquisitions)		
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates		
23	Proceeds from Repayment of Advances		
24_	Other Investing Activities (explained on back of this page)		
25_	Net Cash Provided by/(Used in) Investing Activities		
26	Cash Flows from Financing Activities:		
27	Net Incr./(Decr.) in Short-Term Debt, Original maturity < = 3 mo.		
28	Advances from Affiliates		
29	Repayment of Advances from Affiliates		
30	Proceeds from Issuances of Long-Term Debt		
31	Repayment of Long-Term Debt		
32	Payment of Capital Lease Obligations		
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment Repurchase of Treasury Shares		
34 35	Dividends Paid		
36	Other Financing Activities (explained on back of this page)		
37	Net Cash Provided by Financing Activities		
38	Effect of Exchange Rate Changes on Cash		
39	Net Increase/(Decrease) in Cash & Cash Equivalents		
40	Cash & Cash Equivalents at Beginning of Period		
41	Cash & Cash Equivalents at End of Period		

Company Name: Southern Montana Telephone Company

Name of Affiliate or Company Affiliate or Company Affiliate or Company Affiliate or Company Investments Teleconn. Acciounts Receivable Allowance Receivable Allowance Receivable Allowance Receivable Allowance Receivable Allowanced Fiber Am. Superconductor Anticy Bernis Teleconn. (a) Accounts Receivable Allowanced Pilowanced Fiber (b) Teleconn. (a) (b) (c) (d)			Account 1160	Rece	Receivables and	Investment Account 1190	es and Investments-Affiliated & Nonaffiliated Companies and Investments Account 1190 Account 1200 Account 1201 Account 1	& Nonaffili Account 1200	ated Comp	Account 1210	Account 1401	ar: 2000
Name of Temporary Accounts Telecom. Accounts Receivable Notes 1		,		Telecom.	Accts. Rec.	Other	Accounts		Notes	Interest and	Investments	Investments
Contury LTD Conturning Contury LTD C	Line	Name of	Temporary	Accounts	Telecom.	Accounts	Receivable	Notes	Receivable	Dividends	in Affil.	in Nonaffil.
ced Fiber n uperconductor up idated Ed g n n lifectric nold intl Century LTD Century LTD Century LTD Conding alls OUSA Portfolio Series 2 on ne nstruments	₫	(a) (a)	(b)	receivable (c)	Allowance (d)	Keceivable (e)	Allow Other	Receivable (g)	Allowance (h)	Receivable (i)	Companies (i)	Companies (L)
span Superconductor Coc Superconductor Suporp Sup	Aď	vanced Fiber						(6)				9544
i. Superconductor toc miss miss miss miss miss group argin a	Aii	Span										11760
mis signoup misolidated Ed ming agin neral Electric uschold Intl el el cont crosoft rtel &E Eific Century LTD zer m Creek get Sound Of calls FC Yr USA Portfolio 10-Series 2 ectron edyne as Instruments	An	n. Superconductor										9517
igroup missolidated Ed ming misolidated Ed ming ming mental Electric uschold Intl el el ecent crosoft rtel &E sific Century LTD zer min Creek get Sound OC calls FC Yr USA Portfolio 10-Series 2 ectron edyne as Instruments	An	itec										6807
igroup molidated Ed minig agin neral Electric uschold Intl el nega cent crosoft rtel & E iffic Century LTD set Sound Q calls FC Yr USA Portfolio 10-Series 2 ectron edyne mining	Be	mis										6855
nsolidated Ed ming nagin neral Electric neral Electric el nega cent crosoft rtel &E zifc Century LTD zer Syt VISA Portfolio O calls FC Yr USA Portfolio 10-Series 2 ectron edyne as Instruments	:	igroup										114845
angin angin angin aneral Electric unschold Intl el el luega coent crosoft rrtel ikE cific Century LTD zer Im Creek get Sound QQ calls FC I Yr USA Portfolio I 10-Series 2 lectron edyne an in red and in the series and in the serie	ပ	nsolidated Ed										29297
nagin neral Electric unschold Intl nega cent crosoft rricl ide cific Century LTD zer m Creek get Sound QQ calls FT-C I 10-Series 2 lectron ledyne last Instruments	ပ ၊	rming								******		10450
neral Electric unschold intl iet mega ccent icrosoft vrtel i&E cific Century LTD cific Century LTD get Sound QC calls FF INT USA Portfolio Int-Series 2 lectron ledyne unsched lectron ledyne lectric	Ħ,	nagin										11197
weshold fintl cel mega cent crosoft ricosoft ricosoft ixE cific Century LTD cel cific Century LTD set Sound get Sound FC Coll Set	5	meral Electric			•					***		10651
nega cent crosoft vrtel i&E cific Century LTD zer um Creek get Sound QQ calls FC I Yr USA Portfolio 1 10-Series 2 tectron tedyne	Ħ,	ousehold Intl							***			19688
nega cent crosoft rtel &E sific Century LTD zer um Creek get Sound QQ calls FC Yr USA Portfolio 10-Series 2 ectron edyne as Instruments	苴,	el										17565
cent crosoft rtel (&E ific Century LTD zer m Creek get Sound (Q calls FC Yr USA Portfolio 10-Series 2 ectron edyne edyne cas Instruments	ᅙ.	nega										11272
crosont ritel i&E cific Century LTD zer mm Creek get Sound Q calls FC Yr USA Portfolio 10-Series 2 ectron edyne was Instruments	3 3	cent					200					39959
æE sific Century LTD zer m Creck get Sound Q calls FC Yr USA Portfolio 10-Series 2 ectron edyne cas Instruments	Z 2	crosoft		9111								6565
ific Century LTD zer m Creek get Sound Q calls FC Yr USA Portfolio 10-Series 2 ectron edyne cas Instruments	2	rtel 6 m										7106
zure Century L1D zer m Creek get Sound QQ calls FC Yr USA Portfolio 10-Series 2 ectron edyne cas Instruments	2	&E .f. oms				***************************************						30881
m Creek get Sound Q calls PC Tr USA Portfolio 10-Series 2 ectron edyne was Instruments	ž g g	cific Century LTD										5860
get Sound 2Q calls FC I Yr USA Portfolio 10-Series 2 lectron ledyne xas Instruments	= 5	zei m Crook										8989
PC calls FC I Yr USA Portfolio I 10-Series 2 lectron ledyne was Instruments	1 2	uni Cicck		STINU.	******	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,						11421
FFC Yr USA Portfolio 10-Series 2 ectron edyne xas Instruments	3 5	O Calle										24653
Yr USA Portfolio 10-Series 2 ectron edyne vas Instruments	/ / /	FC.										4905
10-Series 2 ectron edyne as Instruments	2	Yr IISA Portfolio										30000
ectron edyne cas Instruments	Sel	10-Series 2						***************************************				63579
edyne cas Instruments	Sol	ectron										47219
kas Instruments	Tel	edyne										31313
	Tex	as Instruments					- 481000	-11	***************************************			10140
Totals	E	otals										

Company Name: Southern Montana Telephone Company

SCHEDULE 10.1

ar: 2000	Account 1402 Investments	in Nonaffil. Companies	80150 8489 3015 4608 4771	101033
(a)	Account 1401		1276	1276
anies	Account 1210 Interest and	Dividends Receivable		0
ated Comp	Account 1201 Notes	Receivable Allowance		0
& Nonaffili	Account 1200	Notes Receivable	jo	0
Receivables and Investments-Affiliated & Nonaffiliated Companies	Account 1191 Accounts	Receivable Allow Other		0
Investment	Account 1190 Other	Accounts Receivable		0
ivables and	Accts. Rec.	Telecom. Allowance		0
Rece	Account 1180 Telecom.	Accounts Receivable (c)		0
	Account 1160	Temporary Investments (b)		0
		Name of Affiliate or Company (a)	Travelers USA Biomass Ubrandit UltraMar Walmart SMCC	Totals
[Line No.	1	30

Company Name: Southern Montana Telephone Company

Line		_								
				Beginning of Year			Sales &	End of Year	Year End	End of Year
	Αcα	Account	Description	Balance	Additions	Retirements	Transfers	Balance	Depreciation	Balance
	*	2110	(a) Land and Support Assets	(C) 1299052	(d) 64634	(e)	(f) 08520	(g)	(h)	(i)
	<u> </u>	2111	Land	38451		1100	77007	38451	7/6/70	451800
		2112	Motor Vehicles	280689	54634		98529	736794	251794	15000
	< 2	2113	Aircraft				7	+ / / 0 6 7	+01107	00001-
	^ 2	2114	Special Purpose Vehicles							
•		2115	Garage Work Equipment							
		2116	Other Work Equipment	317024	10000			327024	327460	-436
		2121	Buildings	594707				594707	240108	354599
		2122	Furniture		5-91-in.			-		
		2123	Office Equipment	8365				8365	8365	
	< 2	2124	General Purpose Computers	59816		5319		54497	245	54252
	7	2211	Analog Electronic Switching						l	
	7	2212	Digital Electronic Switching	1185079	22093			1207172	917776	979953
	7	2215	Electro-Mechanical Switching			***************************************				((()))
	7	2220	Operator Systems		• • •					
	2	2231	Radio Systems							
		2232	Circuit Equipment	685437				685437	161165	524272
			Information Orig & Term Equip	11471	7056			18527	8606	9429
			Station Apparatus	11471	7056			18527	8606	9429
			Customer Premises Wiring)1
	^	2341	Large Private Branch Exchanges							
		2351	Public Telephone Term. Equip.							
	< 2		Other Terminal Equipment	1000 2100						
			Poles							
			Cable and Wire Facilities	4297719		46685		4251034	1889989	2361045
	7		Aerial Cable	33375				33375	6896	222136
	\ \ 2	2422	Underground Cable)		00107
	7	2423	Buried Cable	4264344		46685		4217659	1880350	2337300
		2424	Submarine Cable						000001	2001007
~		2425	Deep Sea Cable							
`	· 5		Intrabuilding Network Cable							
	7	2431	Aerial Wire				***************************************			
	2	2441	Conduit Systems							
			Totals	7478758	93783	52004	98529	7422008	3165443	3757501

Company Name: Southern Montana Telephone Company

Year:2000	Book Cost of Property at End of Year		
	Transfers and Adjustments Charges and (Credits)		
	Retirements During the Year		
Future Use	Additions During the Year		
Analysis of Plant Held for Future Use	Book Cost of Property at Beginning of Year		
Analysis	Date Included in Account 2002		
	Location and Description of Property	NONE	Totals (Sum L.1 to L.29)
	Line No.		30

Company Name: Southern Montana Telephone Company

Year:2000	Total Cost	%∈	2.07% 2.13%	3.07%
Ye	Amortization of Premium	or Discount (k)		
	Annual	Net Cost (i)	47548 42823 13763	104134
	Yield to	Maturity (i)		
_	Outstanding Per Balance	Sheet (h)	2297834 450778 647188	3395800
erm Deb	Net	Per \$100 (g)	Ò.	
of Long T	Net	Proceeds (f)		
Average Cost of Long Term Debt	Gross	Proceeds (e)		
Av	Principal	Amount (d)	4087000 600000 665000	5352000
	Maturity	Date (c)	Aug-17 May-04 Sep-10	
	Issue	Date (b)	Aug-81 May-99 Oct-00	
		Description (a)	U.S. of America Rural Tel Finance Corp Note Payable	Total
	Line	No.		30

Company Name: Southern Montana Telephone Company

Year:2000	Embedded Cost	
	Armual Cost (k)	
	Principal Outstanding (i)	
	Cost of Money (i)	
	Net Proceeds Per \$100 (h)	
d Stock	Net Proceeds Amounts (g)	
Cost of Preferred Stock	Gross Proceeds Amounts (f)	
Cost of	Par Value Of Issue (e)	
	Call Redemption Price (d)	
	Method of Offering (c)	
	Date of Issuance (b)	
	Description (a)	Totals (Sum L.1 to L.29)
	Line No.	30 [

Company Name: Southern Montana Telephone Company

SCHEDULE 15

(a) Year Ended December 31: Month by Month Data: January February March April May June July August September October	Avg. Number of Shares Outstanding (b) 610	Avg. Number Book of Shares Value Earnings Dividends Outstanding (per share) (per share) (b) (c) (d) (e) (e) (a) **PRIVATELY** HELD STOCK** - There is no market for this stock	Earnings			Market	ket	Price/
(a) Year Ended December 31: Month by Month Data: January February March April May June July August September October	of Shares Outstanding (b) 610	Value (per share) (c) 4524	Earnings			-		
(a) Year Ended December 31: Month by Month Data: January February March April May June July August September October	Outstanding (b) 610 PRIVATELY HE	(per share) (c) 4524 LD STOCK* - 1		Dividends	Retention	Price		Earnings
Year Ended December 31: Month by Month Data: January February March April May June July August September October	(b) 610 PRIVATELY HE	(c) 4524 ILD STOCK* - 1	(per share)	(per share)	Ratio	High	Low	Ratio
Year Ended December 31: Month by Month Data: January February March April May June July August September October	610 RIVATELY HE	4524 LD STOCK* - 1	(p)	(e)	(J)	(g)	(h)	(i)
Month by Month Data: January February March April May June July August September October	 PRIVATELY HE	LD STOCK* - 1						
Month by Month Data: January February March April May June July August September October	RIVATELY HE	LD STOCK* - T			***************************************			
Month by Month Data: January February March April May June July August September October			here is no marke	et for this stock				
Month by Month Data: January February March April May June July August September October								
Month by Month Data: January February March April May June July August September October								
Month by Month Data: January February March April May June July August September October			****					
Month by Month Data: January February March April May June July August September October								
January February March April May June July August September October								
February March April May June July August September October	I OT APPI ICAB	NOT APPLICABLE-LINDEP 5000 ACCESS LINES	I INI I SSECTIVI	Sign				
		יייטר איזילאוט-זיז 		(8)	•			
								
		***************************************	***************************************		***************************************			
					-			
19 November								
20 December								
21								
22								
23								

hone Company
na Telephone
Montana
Southern
Company Name:

SCHEDULE 16

Retirement	or Reaquisition	(g)		
Gain	or (Loss)	(f)		
Reaquisition	or Retirement Cost	(e)		
	Principal Amount	(b)		
Number Reaquisition Gain	or Shares	(c)		
	Date	(q)		
	Description of Security	(a)		
	Line No.		1 2 E 4 2 0 L 8 9 0 L 1 1 1 1 1 1 1 1 1 2 1 2 1 2 1 2 1 2 1	29

Line		T	Total Company Expense Matrix	Expense Ma	hrix			rage 1 01 2 Year: 2000
	Acct.		Salaries			Other		
No.	No. (a)	Description (b)	and Wages	Benefits	Rents	Expenses	Clearances	Total
1	* 6110	Network Support Expense	6)	(p)	(2)	(I)	(8)	(n)
7	^ 6112	Motor Vehicle Expense	(NOT APPLICABLE-UNDER 5000 ACCESS LINES)	3LE-UNDER 50	00 ACCESS LIN	ES)		
3	^ 6113	Aircraft Expense	******			-		
4	^ 6114	Special Purpose Vehicles Expense						
5	^ 6115	Garage Work Equipment Expense						
	^ 6116	Other Work Equipment Expense						
7	* 6120	General Support Expense						
· ∞	^ 6121	Land and Building Expense						
6	^ 6122	Furniture and Artworks Expense				*****		
10	^ 6123	Office Equipment Expense						
11 (^ 6124	General Purpose Computers Expense						
12	* 6210	Central Office Switching Expense						
13	^ 6211	Analog Electronic Expense						
14 (^ 6212	Digital Electronic Expense						
15	^ 6215	Electro-Mechanical Expense	•					
16	6220	Operator Systems Expense						
17	* 6230	Central Office Transmission Expense						
	^ 6231	Radio Systems Expense						
	^ 6232	Circuit Equipment Expense						
	* 6310	Information Origination/Termination Expense						
	^ 6311	Station Apparatus Expense						
	^ 6341	Large Private Branch Exchange Expense						
		Public Telephone Terminal Equipment Exp.						
	^ 6362	Other Terminal Equipment Expense						
25 *	* 6410	Cable and Wire Facilities Expense						
	^ 6411	Poles Expense						
27 /	^ 6421	Aerial Cable Expense						
28 /	^ 6422	Underground Cable Expense						
29 /	^ 6423	Buried Cable Expense						
30	^ 6424	Submarine Cable Expense						
31	^ 6425	Deep Sea Cable Expense						
32 /	^ 6426	Intrabuilding Network Cable Expense						
33	^ 6431	Aerial Wire Expense						
34		Subtotals						

Company Name: Southern Montana Telephone Company

Line No.			Total Company Expense Matrix	Expense Mat	rix			Year:2000
Ņ	Acct.		Salaries			Other		
	No. (a)	Description (b)	and Wages	Benefits (d)	Rents	Expenses	Clearances	Total
35	^ 6441	Conduit Systems Expense					(8)	(111)
36	6510	Other Property Expenses	(NOT APPLICABLE-UNDER 5000 ACCESS LINES)	3LE-UNDER 50	00 ACCESS LIN	ES)		
37	* 6530	Network Operations Expense	,			<u> </u>		
38	^ 6531	Power Expense						
39	^ 6532	Network Administration Expense						
40	^ 6533	Testing Expense						
41	^ 6534	Plant Operations Expense						
42	^ 6535	Engineering Expense						
43	6540	Access Expense						
44	6561	Depreciation - Telecomm. Plant in Service						
45	6562	Depreciation-Prop. for Future Telecom. Use						
46	6563	Amortization Expense - Tangible						
47	6564	Amortization Expense - Intangible						
48	9959	Amortization - Other						
	* 6610	Marketing						
	^ 6611	Product Management						
		Sales						
	^ 6613	Product Advertising						
53	6621	Call Completion Services						
54	6622	Number Services					,	
55	6623	Customer Services		****				
99	6711	Executive						
57	6712	Planning						
58	6721	Accounting and Finance						
59	6722	External Relations						
09	6723	Human Relations		(·	
61	6724	Information Management						
62	6725	Legal						
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative						
99	0629	Provision for Uncollectible Notes Receivable						
<i>L</i> 9		Totals						

			Total State E	Total State Expense Matrix	×			Year:2000
Line	Acct		Salaries			Other		
No.	No.	Description (b)	and Wages	Benefits (d)	Rents (e)	Expenses	Clearances	Total
1	* 6110	Network Support Exp		(p)	(2)	(T)	(8)	(III)
2	^ 6112	Motor Vehicle Expense	(NOT APPLICABLE-UNDER 5000 ACCESS LINES)	BLE-UNDER 50	00 ACCESS LIN	ES)		
3	^ 6113	Aircraft Expense				-		
4	^ 6114	Special Purpose Vehicles Expense						
5	^ 6115	Garage Work Equipment Expense						
9	V 6116	Other Work Equipment Expense						
7	* 6120	_						
~	^ 6121							
6	^ 6122							
10	^ 6123	Office Equipment Expense						
11	^ 6124	General Purpose Computers Expense						
12	* 6210	Central Office Switching Expense						
13	^ 6211							
14	^ 6212	Digital Electronic Expense						
15	^ 6215	Electro-Mechanical Expense						
16	6220	Operator Systems Expense						
17		Central Office Transmission Expense						
18	^ 6231	Radio Systems Expense						
19		Circuit Equipment Expense						
20	* 6310	Information Origination/Termination Expense						
21	^ 6311	Station Apparatus Expense						
22								
23	^ 6351	Public Telephone Terminal Equipment Exp.						
24	^ 6362							
25	* 6410	Cable and Wire Facilities Expense						
76	^ 6411	Poles Expense						
27	^ 6421	Aerial Cable Expense						
28	^ 6422							
29	^ 6423							
30	^ 6424	Submarine Cable Expense						
31	^ 6425	Deep Sea Cable Expense						
32	^ 6426							
33	^ 6431							
34		Cubtotolo						

Company Name: Southern Montana Telephone Company

			Total State Expense Matrix	xpense Matri	×			Year: 2000
Line	Acct.		Salaries	1		Other		
N0.	(a) .	Description (b)	and Wages (c)	Benefits (d)	Rents (e)	Expenses (f)	Clearances (9)	Total
35	^ 6441	Conduit Systems Expense					(9)	(11)
36	6510	Other Property Expenses	(NOT APPLICABLE-UNDER 5000 ACCESS LINES)	BLE-UNDER 50	00 ACCESS LIN	JES)		
37		Network Operations Expense						
38	^ 6531	Power Expense						
39	^ 6532	Network Administration Expense						
40	^ 6533	Testing Expense						
41	^ 6534	Plant Operations Expense						
42	^ 6535	Engineering Expense						
43	6540	Access Expense						
44	6561	Depreciation - Telecomm. Plant in Service						
45	6562	Depreciation-Prop. for Future Telecom. Use						
46	6563	Amortization Expense - Tangible						
47	6564	Amortization Expense - Intangible						
48	6565	Amortization - Other						
49	* 6610	Marketing						
50	^ 6611	Product Management						
51	^ 6612	Sales						
52	^ 6613	Product Advertising						
53	6621	Call Completion Services						
54	6622	Number Services						
55	6623	Customer Services						
2 6	6711	Executive						
57	6712	Planning						
58	6721	Accounting and Finance						
59	6722	External Relations						
09	6723	Human Relations						
61	6724	Information Management						
62	6725	Legal						
63	6726	Procurement						
64	6727	Research and Development					1	
65	6728	Other General and Administrative						
99	0629	Provision for Uncollectible Notes Receivable						
22		AND THE RESERVE OF THE PERSON						

Pension Costs

	Pension Costs		Y	rear: 2000
	Plan Name - NTCA Retirement & Security Plan	***************************************		
	Defined Benefit Plan?	Defined Contribution	n Dlan2	
3	Actuarial Cost Method?	IRS Code:	on Plan?	-
	Annual Contribution by Employer:\$53526		ınded?	
5		is the Flan Over Ft	inded ?	
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			/ Undinge
7	Benefit obligation at beginning of year			
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
	Acquisition			
	Benefits paid			
	Benefit obligation at end of year			
	Change in Plan Assets			
	Fair value of plan assets at beginning of year			
	Actual return on plan assets			
	Acquisition			
	Employer contribution			
	Plan participants' contributions			
	Benefits paid			
	Fair value of plan assets at end of year			
	Funded Status			
	Unrecognized net actuarial loss			
	Unrecognized prior service cost			_
	Prepaid (accrued) benefit cost			
28				
	Weighted-average Assumptions as of Year End			
	Discount rate			
	Expected return on plan assets Rate of compensation increase			
33				
	Components of Net Periodic Benefit Costs			
	Service cost			
	Interest cost			
	Expected return on plan assets			
	Amortization of prior service cost			
	Recognized net actuarial loss			
	Net periodic benefit cost			-
41				-
	Montana Intrastate Costs:			
43				
44				
45	Accumulated Pension Asset (Liability) at Year End			
	Number of Company Employees:			
47	Covered by the Plan	6		
48	Not Covered by the Plan	б	6	
49	Active	6		
50	Retired	Ö	6	
51	Deferred Vested Terminated			

SCHEDULE 20

Other Post Employment Benefits (OPEBS)

Page 1 of 2 Year: 2000

	ltem	Current Year	Last Year	% Change
	Regulatory Treatment:		.	1
2	Commission authorized - most recent			
3	Docket number:			
4	Order number:			
5	Amount recovered through rates			l
6	Weighted-average Assumptions as of Year End			
7	Discount rate			
	Expected return on plan assets			
	Medical Cost Inflation Rate			
10	Actuarial Cost Method			
	Rate of compensation increase			
12	List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advanta	aged:	
13		,,	J	
14				
	Describe any Changes to the Benefit Plan:			***************************************
16				
17	TOTAL COMPANY			
	Change in Benefit Obligation			
	Benefit obligation at beginning of year			
	Service cost			
	Interest Cost			
	Plan participants' contributions			
	Amendments			
	Actuarial Gain			
	Acquisition			
	Benefits paid			
	Benefit obligation at end of year			
	Change in Plan Assets			
	Fair value of plan assets at beginning of year			
	Actual return on plan assets			
	Acquisition			
	Employer contribution			
33	Plan participants' contributions			
	Benefits paid			
	Fair value of plan assets at end of year			
	Funded Status			
20	Unrecognized net actuarial loss			
30	Unrecognized prior service cost Prepaid (accrued) benefit cost		····	
	Components of Net Periodic Benefit Costs Service cost			
	Interest cost			
	Expected return on plan assets			
	Amortization of prior service cost			
	Recognized net actuarial loss			
	Net periodic benefit cost			
	Accumulated Post Retirement Benefit Obligation Amount Funded through VEBA			
49	Amount Funded through 401(h)			
50	Amount Funded through Other			
51	TOTAL			
52				
53	Amount that was tax deductible - VEBA			
54	Amount that was tax deductible - 401(h)			
55	Amount that was tax deductible - Other			
55	TOTAL			

Page 2 of 2

Other Post Employment Benefits (OPEBS) Continued

Year: 2000 Item Current Year Last Year % Change 1 Number of Company Employees: 2 Covered by the Plan 3 Not Covered by the Plan 4 Active 5 Retired 6 Spouses/Dependants covered by the Plan Montana 8 Change in Benefit Obligation 9 Benefit obligation at beginning of year 10 Service cost 11 Interest Cost 12 Plan participants' contributions 13 Amendments 14 Actuarial Gain 15 Acquisition 16 Benefits paid 17 Benefit obligation at end of year 18 Change in Plan Assets 19 Fair value of plan assets at beginning of year 20 Actual return on plan assets 21 Acquisition 22 Employer contribution 23 Plan participants' contributions 24 Benefits paid 25 Fair value of plan assets at end of year 26 Funded Status 27 Unrecognized net actuarial loss 28 Unrecognized prior service cost 29 Prepaid (accrued) benefit cost 30 Components of Net Periodic Benefit Cccosts 31 Service cost 32 Interest cost 33 Expected return on plan assets 34 Amortization of prior service cost 35 Recognized net actuarial loss 36 Net periodic benefit cost 37 Accumulated Post Retirement Benefit Obligation 38 Amount Funded through VEBA 39 Amount Funded through 401(h) 40 Amount Funded through other 41 TOTAL 42 Amount that was tax deductible - VEBA 43 Amount that was tax deductible - 401(h) 44 Amount that was tax deductible - Other TOTAL 45 46 Montana Intrastate Costs: 47 **Pension Costs** 48 Pension Costs Capitalized 49 Accumulated Pension Asset (Liability) at Year End 50 Number of Montana Employees: 51 Covered by the Plan 52 Not Covered by the Plan 53 Active 54 Retired 55 Spouses/Dependants covered by the Plan

Payments for Services to Persons Other Than Employees

SCHEDULE 21 Page 1 of Year: 2000 Total

Line	Name of	Nature of	Company	State	Intrastate
No.	Recipient	Service	Cost	Cost	Cost
	(a)	(b)	(c)	(d)	(e)
1					
2	(NOT APPLICABLE-UNDER 5000	ACCESS LINES)			
3					
4 5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17 18					
19					
20					
21					
22					
23					
24					
25					
26					
27 28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38 39					
40					
41					
42					
43					
44				İ	
45					
46					[
47					
48		***************************************			
49	Total				PAGE 25

	Subscribe	er Line Usage D)ata		ear: 2000
Line		This	% of	Last	% of
No.	Description	Year	Total	Year	Total
	(a)	(b)	(c)	(d)	(e)
1	Toll Usage:				
2	Interstate, InterLATA	3458252	54.07%	3074715	44.37%
3	Interstate, IntraLATA				11.5,0
	,				
4	Total Interstate Usage	3458252	54.07%	3074715	44.37%
5	Intrastate, InterLATA	625757	9.78%	2363697	34.11%
6	Intrastate, IntraLATA	2311965	36.15%	1491149	21.52%
	,		30.130	1101140	21.52.0
7	Total Intrastate Usage	2937722	45 020	2054040	
'	Total Illiastate Usage	2931122	45.93%	3854846	55.63%
8	Total Toll Usage	6395974	100.00%	6929561	100.00%
9	Centrex				
10	Local				
11	Total Minutes	6395974	100.00%	6929561	100.00%

Company Name: Southern Montana Telephone Company

	Multi- Customer Co Line Owned O Business Coin (7 (J) (K)		24	38 1	20
≒ L	Lifeline LMS Line Customers Customers Business	(g) I		I = 2		4
Cental Off	ISDN ADSL					
	Residential	87	III	241	220	891
	Type of Office	DIGITAL	DIGITAL	DIGITAL	DIGITAL DIGITAL	

SCHEDULE 24

Page 1 of

Central Office and Switch Information

Year: 2000

		Tai Office and Sw	10011 111101	11114111111		1 0	ar: 2000
		Office					
		Configuration		Switch		Switch	
Line		(Host, Remote,	Type of	Vendor/	Switch	Line	Year
No.	Wire Center	Stand alone)	Switch	Manufacturer		Capacity	Deployed
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	406-267	REMOTE	DIGITAL	NTI	DMS-10	512	1992
2	406-832	REMOTE	DIGITAL	NTI	DMS-10	1	
3	406-689-S	REMOTE				512	1983
4	406-689		DIGITAL	NTI	DMS-10	512	1983
1		HOST	DIGITAL	NTI	DMS-10	640	1983
5	406-834-J	REMOTE	DIGITAL	NTI	DMS-10	512	1983
6	406-834-T	REMOTE	DIGITAL	NTI	DMS-10	512	1983
7	406-681	REMOTE	DIGITAL	NTI	DMS-10	512	1983
8							
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70						1	

NOTE: Additional blank schedules are being provided for your convenience.

	Construction Budget - Montana	Year:	2001
Line			
No.	Description	2001	
1	Central Office Assets:	(b)	
2	Equipment Upgrade		100000
3	24apment oppidate		100000
4			
5			
6			
7			
8			
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21 22			
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26			
27	Total Switching and Central Office Projects over \$500,000	· · · · · · · · · · · · · · · · · · ·	
28	Miscellaneous Central Office Projects not over \$500,000		
29	Total Central Office Budget (Total of Line 27 & Line 28)		
30 31	Other Projects over \$500,000:		
32			I
33			
34			
35			
36			
37			
38			
39			ĺ
40	T. 101		
41	Total Other Projects over \$500,000		
42	Miscellaneous projects not over \$500,000		
43	Total Construction Budget (Total of Lines 29, 41 & 42)		

	Montana Employee Counts		Year: 2000
Line		Beginning	End
No.	Category	of Year	of Year
	Executive (a)	(b)	(c)
$\begin{vmatrix} 1\\2 \end{vmatrix}$	Office	1	1
3	Outside Plant/COE	3	3
4	ouside Fairbeol	2	2
5			
6			
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33 34			
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41			
42			
43	Totals (Sum of Lines 1 through 42)	6	6

Year: 2000

Compensation of Top 10 Montana Based Employees

	Compensaci	<u> </u>				Total	% Increase
		~		Outran	Total		Total
Line		Base		Other	Total	Compensation	1
	Name/Title	Salary	Bonuses	Compensation	Compensation	Last Year	Compensation
No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Robert G. Helming	Proprietary	Proprietary	Proprietary	Proprietary	Proprietary	3.48%
	CEO	•	_				
	CEO						
		Proprietary	Proprietary	Proprietary	Proprietary	Proprietary	18.73%
2	Conrad Eklund	Proprietary	Fiopriciary	Troprictary	Troprictary	roprictary	10.7576
	General Manager						
							# 0.00 <i>t</i>
3	Richard Nickisch	Proprietary	Proprietary	Proprietary	Proprietary	Proprietary	-5.98%
	Plant Manager						
4	Rex Caraker	Proprietary	Proprietary	Proprietary	Proprietary	Proprietary	4.02%
7	Outside Plant Tech.	Troprictary	l'apriotary	l crop		1 .	
	Outside Plant Tech.						
_			D	Descriptors	Proprietary	Proprietary	12.52%
5	Yvonne Paddock	Proprietary	Proprietary	Proprietary	Proprietary	Proprietary	12.5270
1	Commercial Supv.						
6	Dorothy Tucker	Proprietary	Proprietary	Proprietary	Proprietary	Proprietary	21.87%
	Commercial Clerk					-	
7	Dan Spoon	Proprietary	Proprietary	Proprietary	Proprietary	Proprietary	N/A
'	Outside Plant Tech	Troprietary	Tropriotiti	Tropilotary	J. J. J. J. J. J. J. J. J. J. J. J. J. J	1	
1		Ì					
	(Seasonal)						
			Dinto	Dronnistory	Proprietary	Proprietary	N/A
8	Tina Spoon	Proprietary	Proprietary	Proprietary	Proprietary	Proprietary	19/74
	Custodian						
9							
	Note that the propri	ietary copy	of Schedul	le 27 has beer	i filed separa	tely on yellow	paper.
	2,000 time the property		1		1	1	
10							
10							
				1			
1							
1 1	Totals (Sum L.1 to L.10	. 		1			
11	TOTALS (Sum D.1 to D.10	フ 1		1	. 1	.1	<u> </u>

SCHEDULE 28

Year: 2000

Compensation of Top 5 Corporate Employees - SEC Information

	Compensation of To	p 5 Corpo	rate Emp	noyees - S	ec morn		
						Total	% Increase
Line		Base		Other	Total	Compensation	Total
	Name/Title	Salary	Bonuses	Compensation	Compensation		Compensation
No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Robert G. Helming	Proprietary	Proprietary	Proprietary	Proprietary	Proprietary	3.48%
	CEO						
							10.720/
2	Conrad Eklund	Proprietary	Proprietary	Proprietary	Proprietary	Proprietary	18.73%
	General Manager						
	Distant Mishingh	Proprietary	Proprietary	Proprietary	Proprietary	Proprietary	-5.98%
3	Richard Nickisch	Proprietary	Fiopriciary	Troprictary	Troprictary	Troprietary	3.5070
	Plant Manager						
4	Rex Caraker	Proprietary	Proprietary	Proprietary	Proprietary	Proprietary	4.02%
7	Outside Plant Technician				1 .		
]
5	Yvonne Paddock	Proprietary	Proprietary	Proprietary	Proprietary	Proprietary	12.52%
						1	1 .
	Note that the proprie	etary copy of	Schedule	28 has been	filed separa	tely on yello	w paper.
1							
					1		
6	Totals (Sum L.1 to L.5)						
L	1						DACE 22

NOT APPLICABLE - Not able to provide this information. Would require hiring outside consultants.

Montana Composite Statistics

Year: 2000

	Α .	Toward Composite Statistics	1 car. 2000
Line	Account		
1 1	No.	Description	Amount
No.		(a)	(b)
1		Plant (Intrastate Only) (000 Omitted)	(0)
1		Tant (intrastate Only) (000 Omitted)	
	2001		
2	2001	Plant in Service	
3	2003 - 2004	Construction Work in Progress	
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	
7	1220		
1 1	2100 2400	(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	
9	4360.2	Contributions in Aid of Construction	
l l			
10		NET BOOK COSTS	
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
*		Revenues & Expenses (intrastate Only) (000 Omitted)	
12	5000 5200		
12	5000 - 5300	Operating Revenues	
13	6560	Depreciation & Amortization Expenses	
14		Federal & State Income Taxes	
15		Other Taxes	
16		Other Operating Expenses	
17			
1/		TOTAL Operating Expenses	
18		Net Operating Income	
19		Other Income	
20		Other Deductions	
		o diei D oddoliolio	
21		NET INCOME	
21		NET INCOME	
22		1	
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	
24		Business Access Lines	
25		PBX Access Lines	
26		Other Access Lines	
27		Total Number of Access Lines	
		LUCAL NUMBER OF ACCESS LINES	
20		A N 1 40 N 5	
28		Average Number of Calls Per Access Line	
]
29		Local Calls	
30		Toll Calls (Intra- or Interstate)	
31		Total Number of Calls Per Access Line	
		(Total of Line 29 & Line 30)	1
32			
52	İ	Other Statistics (Intrastate Only)	
22			
33		Average Residential Monthly Bill	
34		Gross Plant Investment per Access Line	
			1

	Depreciation - Montana Intrastate Regulated Year: 2000				
			Composite	Total	
Line	Acct	Description	Rate	Expense	
No.	No.		%	\$	
140.	(a)	(b)	(c)	(d)	
1	2112	Motor Vehicles	33.3%	36,434	
2	2114	Special Purpose Vehicles			
3	2115	Garage Work Equipment			
4	2116	Other work Equipment	13.4%		
5	2121	Buildings	3.4%	20,339	
6	2122	Furniture			
7	2123.1	Office Support Equipment	9.0%		
8	2123.2	Company Communications Equipment	7.7%	2,292	
9	2124	General Purpose Computers	8.7%	5,052	
10	2211	Analog Electronic Switching Equipment			
11	2212	Digital Electronic Switching Equipment	6.6%	79,386	
12	2215	Step By Step Switching Equipment		ŕ	
13	2215	Crossbar Switching Equipment			
14	2220	Operator System			
15	2231	Radio Systems			
16	2232	Circuit DDS			
17	2232	Circuit Digital	6.6%	45,596	
18	2232	Circuit Analog		·	
19	2351	Public Telephone Terminating Equipment			
20	2362	Other Terminal Equipment			
21	2411	Poles			
22	2421	Aerial Cable Metallic			
23	2421	Aerial Cable Nonmetallic			
24	2422	Underground Cable Metallic			
25	2422	Underground Cable Nonmetallic			
26	2423	Buried Cable Metallic	4.0%	172,063	
27	2423	Buried Cable Nonmetallic		,	
28	2424	Submarine Cable Metallic			
29	2424	Submarine Cable Nonmetallic			
30	2426	Intrabuilding Network Cable Metallic			
31	2426	Intrabuilding Network Cable Nonmetallic			
32	2431	Aerial Wire	4.0%	1,348	
33	2441	Conduit Systems		-,	
34					
35		COMPOSITE TOTAL			
36 37		Have these rates been approved by the Commission?	V VEC		
38		riave diese rates occur approved by the Commission?		NU	
39		If yes: Docket Number	Order Num	ber	
40					

	Montana Regulatory Capital Structure & Costs Year: 2000						
Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)			
	Commission Accepted - Most Recent						
1	Docket Number						
2	Order Number						
3							
4	Common Equity						
5	Preferred Stock						
6	Long Term Debt						
7	Other						
8	Total						
9							
10	Actual at Year End						
11							
	Common Equity						
1	Preferred Stock						
14	Long Term Debt						
	Other						
16	Total						

Company Name: Southern Mont

SCHEDULE 32

Network Access - Charges and Revenues				
Description (a)	Access Charges Paid (b)	Access Revenues Received (c)		
Montana - Total State		411845		
Montana - Intrastate		411845		
Montana - Intrastate Regulated		411845		
	Description (a) Montana - Total State Montana - Intrastate	Description Paid (a) (b) Montana - Total State Montana - Intrastate		

Company
a Telephone Company
Montana
Southern
Company Name:

SCHEDULE 33

Year: 2000	Charges to MT Utility (f)	31,370	\$86,069
ty	% Total Affil. Revenues (e)		
covided to Utili	Charges to Utility (d)	31,370	\$86,069
Affiliate Transactions - Products & Services Provided to Utility	Method to Determine Price (c)	Varies Hourly Rate	
Affiliate Transactions	Products & Services (b)	Computer Service Bureau (Billing, Acctg & Plant Software Maintenance) Consultants (Cost Studies, Separations, Traffic Studies, Etc.)	
	Affiliate Name (a)	National Information Systems GVNW, Inc.	TOTAL
	Line No.	1 3 4 4 4 1 1 1 1 1 1 1 1 1 1 1 1 1	30

Year: 2000	Charges to MT Utility (f)		
ity	% Total Affil. Revenues (e)		
rovided by Util	Charges to Affiliate (d)		
Products & Services Pr	Method to Determine Price (c)		
Affiliate Transactions - Products & Services Provided by Utility	Products & Services (b)		
	Affiliate Name (a)	NONE	TOTAL
	. ie		30 T

SCHEDULE 34

Company Name: Southern Montana Telephone Company

NOT APPLICABLE-Would require hiring of outside consultants to prepare separations cost study.

No. Rate Base Year Year Char		Montana Intrastate Regulated Earned Ra	te of Return	1	Year: 2000
No.	Line		This	Last	Percent
(a)	1	Rate Base	Year	Year	Change
2 2001	<u></u>	(a)	(b)	(c)	(d)
3 2002 Prop. Held for Future Telecommunications Use 3 3100-3200 (Less) Accumulated Depreciation	1				
3100-3200 (Less) Accumulated Depreciation	1				
Plant in Service	1	1			
Additions 1220	1				
Additions 1220 Materials & Supplies 1280 Prepayments Other Additions TOTAL Additions Deductions 14 4100 Current Deferred Operating Income Taxes 15 4320 Unamortized Operating Income Taxes 16 4340 Noncurrent Deferred Operating Income Taxes 17 Customer Advances for Construction 18 Other Deductions 19 TOTAL Deductions 19 TOTAL Rate Base 20 Net Earnings 21 Net Earnings 22 Rate of Return on Average Rate Base 23 Rate of Return on Average Equity 26 Major Normalizing Adjustments & Commission 27 Major Normalizing Adjustments to Utility Operations 31 32 33 34 34 35 36 37 38	1 .	Plant in Service			
1220 Materials & Supplies 1280 Prepayments Other Additions	1	1100			
1280	1				
10 Other Additions 11 TOTAL Additions 12 Deductions 14 4100 Current Deferred Operating Income Taxes 15 4320 Unamortized Operating Income Taxes 16 4340 Noncurrent Deferred Operating Income Taxes 17 Customer Advances for Construction 18 Other Deductions 19 TOTAL Deductions 20 TOTAL Rate Base 21 Net Earnings 22 Net Earnings 23 Rate of Return on Average Rate Base 24 Rate of Return on Average Equity 27 Major Normalizing Adjustments & Commission 29 Ratemaking adjustments to Utility Operations 30 Satisfactory Commission 31 Satisfactory Commission 32 Satisfactory Commission 33 Satisfactory Commission 34 Satisfactory Commission 35 Satisfactory Commission 36 Satisfactory Commission 37 Satisfactory Commission 38 Satisfactory Commission 39 Satisfactory Commission 30 Satisfactory Commission 30 Satisfactory Commission 31 Satisfactory Commission 32 Satisfactory Commission 33 Satisfactory Commission 34 Satisfactory Commission 36 Satisfactory Commission 37 Satisfactory Commission 38 Satisfactory Commission 39 Satisfactory Commission 30 Satisfactory Commission 30 Satisfactory Commission 31 Satisfactory Commission 32 Satisfactory Commission 33 Satisfactory Commission 34 Satisfactory Commission 35 Satisfactory Commission 36 Satisfactory Commission 37 Satisfactory Commission 38 Satisfactory Commission 39 Satisfactory Commission 30 Satisfactory Commission 30 Satisfactory Commission 31 Satisfactory Commission 32 Satisfactory Commission 33 Satisfactory Commission 34 Satisfactory Commission 36 Satisfactory Commission 37 Satisfactory Commission 38 Satisfactory Commission 39 Satisfactory Commission 30 Satisfactory Commission 30 Satisfactory Commission 31 Satisfactory Commission 32 Satisfactory Commission 33 Satisfactory Commission 34 Satisfactory Commission 36 Satisfactory Commission 37 Satisfactory Commission 38 Satisfactory Commission 39 Satisfactory Commission 30 Satisfactory Commission 30 Satisfactory Commission 31 Satisfactory Commission 32 Satisfactory Commission 33 Satisfactory Commission 34 Satisfactory Commission 36 Satisfactory	1	1			
TOTAL Additions	1	1 2			
12 13					
13	1	TOTAL Additions			
14	1 1	Deductions			
15					
16	3 1	1 0			
17 Customer Advances for Construction Other Deductions 19 TOTAL Deductions 20 TOTAL Rate Base 21 Net Earnings 22 Rate of Return on Average Rate Base 25 Rate of Return on Average Equity 27 Major Normalizing Adjustments & Commission Ratemaking adjustments to Utility Operations 31 32 33 34 35 36 37 38	1 .				
18 Other Deductions 19 TOTAL Deductions 20 TOTAL Rate Base 21 Net Earnings 22 Rate of Return on Average Rate Base 25 Rate of Return on Average Equity 27 Major Normalizing Adjustments & Commission Ratemaking adjustments to Utility Operations 30 31 32 33 34 35 36 37 38					
TOTAL Deductions TOTAL Rate Base In the Earnings Rate of Return on Average Rate Base Rate of Return on Average Equity Major Normalizing Adjustments & Commission Ratemaking adjustments to Utility Operations Ratemaking adjustments to Utility Operations Return on Average Equity Major Normalizing Adjustments to Utility Operations	1 1				
TOTAL Rate Base Net Earnings Rate of Return on Average Rate Base Rate of Return on Average Equity Major Normalizing Adjustments & Commission Ratemaking adjustments to Utility Operations Agreematic Street Str					
Net Earnings Rate of Return on Average Rate Base Rate of Return on Average Equity Major Normalizing Adjustments & Commission Ratemaking adjustments to Utility Operations Ratemaking adjustments to Utility Operations	1 1				
Rate of Return on Average Rate Base Rate of Return on Average Equity Major Normalizing Adjustments & Commission Ratemaking adjustments to Utility Operations Ratemaking adjustments to Utility Operations 31 32 33 34 35 36 37 38	21				
Rate of Return on Average Rate Base Rate of Return on Average Equity Major Normalizing Adjustments & Commission Ratemaking adjustments to Utility Operations Ratemaking adjustments to Utility Operations 31 32 33 34 35 36 37 38	22	Net Earnings			
Rate of Return on Average Equity Major Normalizing Adjustments & Commission Ratemaking adjustments to Utility Operations 31 32 33 34 35 36 37 38	23				
Rate of Return on Average Equity Major Normalizing Adjustments & Commission Ratemaking adjustments to Utility Operations 31 32 33 34 35 36 37 38	1 6	Rate of Return on Average Rate Base	***************************************		
Major Normalizing Adjustments & Commission Ratemaking adjustments to Utility Operations 31 32 33 34 35 36 37 38	: :				
Major Normalizing Adjustments & Commission Ratemaking adjustments to Utility Operations 30 31 32 33 34 35 36 37 38		Rate of Return on Average Equity			
29 Ratemaking adjustments to Utility Operations 31 32 33 34 35 36 37 38					
30 31 32 33 34 35 36 37 38					
31 32 33 34 35 36 37 38	1 1	Ratemaking adjustments to Utility Operations			
32 33 34 35 36 37 38					
33 34 35 36 37 38					
34 35 36 37 38					
35 36 37 38					
36 37 38	: 1				
37 38					
38					
$\begin{vmatrix} 3 \\ 40 \end{vmatrix}$					
$\begin{vmatrix} 40 \\ 41 \end{vmatrix}$	1				
$\begin{vmatrix} 41\\42 \end{vmatrix}$					
43 Adjusted Rate of Return on Average Rate Base		Adjusted Rate of Return on Average Rate Base			
44	_ L				
45 Adjusted Rate of Return on Average Equity	45	Adjusted Rate of Return on Average Equity			

Other Taxes Paid

f= .	Other Taxes Paid		Year: 2000
Line	Description	Last Year	This Year
No.	(a)	(b)	(c)
	Montana Telephone Company License Tax	1632	
2	Montana Public Service Commission Tax	1346	1322
3	Montana Consumer Counsel Tax	510	410
4	911 Emergency Telephone Fee		
5	Montana Telecommunications Access Service (TDD)		
6	Montana Corporate License Tax	15	15
7	Personal Property Tax		
8	Real Property Tax		
9			
10			
11			
12	Total	3503	1747

Company Name: Southern Montana Telephone Company

SCHEDULE 37

Universal Service Funds Received

	Universal Service Funds F	Received	Year: 2000
Line	Description	Last Year	This Year
No.	(a)	(b)	(c)
13	Funds received from Montana Sources		
14	Funds received from Federal Sources	332600	279912
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Total	332600	279912